



“Vedanta Resources Limited  
FY 2024 Earnings Call and Bondholder Engagement  
Conference Call”  
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**MANAGEMENT: MR. ARUN MISRA – EXECUTIVE DIRECTOR –  
VEDANTA LIMITED  
MR. AJAY GOEL – CHIEF FINANCIAL OFFICER –  
VEDANTA LIMITED  
MR. AJAY AGARWAL – PRESIDENT, FINANCE –  
VEDANTA LIMITED  
MR. JOHN SLAVEN – CHIEF EXECUTIVE OFFICER –  
VEDANTA ALUMINUM  
MR. CHRIS GRIFFITH – CHIEF EXECUTIVE OFFICER  
BASE METAL BUSINESS – VEDANTA RESOURCES  
MS. PRERNA HALWASIYA – DEPUTY HEAD, INVESTOR  
RELATIONS AND COMPANY SECRETARY – VEDANTA  
LIMITED  
MS. KOMAL SHARAN – TREASURY-HEAD – VEDANTA  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Vedanta Resources FY 2024 Earnings Call and Bondholder Engagement Conference. Please note that there are two links shared, one link through which the presentation will be shared on the webcast for viewing, and the other link through which participants can join the call on the audio bridge to ask a question.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Prerna Halwasiya from Vedanta. Thank you and over to you, Ms. Prerna.

**Prerna Halwasiya:** Thank you, Zico. Good morning, good afternoon, everyone, and welcome to our financial year FY 2024 Earnings Call and the Bondholder Engagement. I am Prerna and on behalf of the entire Vedanta team, I would like to thank you for joining us today to discuss our financial results and business performance. The transcript of this call will be made available on Vedanta Resources' website. The press release and presentations are already available on the website.

Today, from our leadership team, we have with us Mr. Arun Misra, Executive Director, Vedanta Limited, Mr. Ajay Goyal, CFO, Mr. Ajay Agarwal, President, Finance, Ms. Komal Sharan, Treasury Head. We also have leaders from a couple of our key businesses, Mr. John Slaven, CEO, Aluminium Business, Mr. Chris Griffith, CEO, base Metal Business.

Please note that today's entire discussion will be covered by the cautionary statement on slide number 2 of the presentation. We will start with the update on our operational and financial performance and then we will cover the strategic growth roadmap for our key businesses today, which will be then followed by the Q&A session.

Now, I would like to hand over the call to Mr. Arun Misra.

**Arun Misra:** Thank you, Prerna. Good morning from India, everyone. Before delving into the specifics of our annual performance, I am thrilled to announce some significant achievements we have made on our ESG journey.

Our subsidiary, Vedanta Limited has earned A- in CDP Water Ratings and a B in CDP Climate Ratings, whilst Hindustan Zinc has been awarded A minus in both CDP Water and Climate Ratings. Furthermore, Vedanta Limited has secured the third position and Hindustan Zinc the first in S&P Global Corporate Sustainability Assessment 2023.

Notably, Vedanta Aluminium has also emerged as the leader in the same assessment among 29 global aluminium companies. These accomplishments underscore our unwavering commitment to sustainability.

Moving on to the annual performance, we exited the year with annual revenue of \$17.1 billion and second ever highest EBITDA of \$4.7 billion with EBITDA margin of 32% amidst moderating commodity cycle driven by consistent cost optimisation. Aluminium and zinc

continue to be among the lowest cost producers globally, consistently ranking in the first quartile and the first decile of the global cost curve respectively.

FY24 operational performance, it has been a remarkable year for Vedanta. Our commitment to operational excellence is visible through the record-breaking volumes delivered by each of our core businesses. Aluminium business delivered the highest ever annual cast metal production of 2.37 million tons with improved cost reduction of 23% from the previous year. Cost reduction trend continued for the past seven consecutive quarters.

Hindustan Zinc has set a new benchmark as the world's third largest silver producer with an all-time high annual silver production of 746 tons. Zinc India also recorded highest ever mined metal production of 1.08 million tons and highest ever refined metal of 1.033 million tons with an annual cost down 13% year on year. The cost optimisation continued for last five consecutive quarters.

In Oil & Gas, in a significant development, our oil and gas business's first field development plan is approved under OALP scheme for Jaya field. Drilling to commence in north field section and production ramp up is expected for greater than 3,000 barrels of oil equivalent per day.

Iron ore Karnataka has recorded highest ever annual sales which is up 19% year on year. We also achieved highest ever annual production at VAB also up 19% year on year. At ESL Steel too, we achieved highest ever annual crude steel production of 1.4 million tons, up 8% year on year driven by de-bottlenecking and improved operational efficiency. In ferrochrome, the ferrochrome business recorded annual ferrochrome production of 80,000 tons, 18% increase year-on-year.

Also, in financial year '24, under major development, the Zambian government agreed to reinstate KCM board and we are moving closer to reinstate the same. With the recent surge in commodity prices, particularly aluminium, zinc and silver, we are going to unlock tremendous value.

Our low cost and world class assets across businesses coupled with strong financial position and commitment to ESG position us perfectly to capitalise this opportunity from rising demand and unlock exceptional growth for our stakeholders.

As we welcome the new financial year, we will carry forward the current momentum with the knowledge that each milestone we achieve is a stepping stone towards greater success. We believe that this is going to be our historical best ever in terms of volume, revenue, cost and bottom line.

We also believe looking at the macroeconomic trends and analyst consensus tells us that current northward movement of commodity cycle will continue helping us in this effort. This year, we will also be historical in terms of commissioning of many of our large projects including world's largest alumina refinery at Lanjigarh, expansion of Balco to 1 million tons, expansion of ESL Steel to 3.5 million tons which not only impact favourably our input costs but will also help us increase our VAP percentage in a big way.

Our transformative cost focus will continue that will optimise cost across our portfolio by 10 to 20%. We continue to see increase in demand, especially in domestic market in double digits across our portfolio, especially in aluminium where the likely growth may cross 15%.

We are uniquely positioned in this optimistic environment that our production and most of the consumption are in the same geography that is India which is recording highest ever growth amongst all emerging economies. Across our portfolio, we will also add about 10% additional capacity by aggressive de-bottlenecking efforts and asset optimisation.

Together, we will continue to push the boundaries, redefine excellence and create lasting value for all our stakeholders. Thank you and over to Ajay.

**Ajay Goel:**

Thank you Arun. Good morning and good afternoon everyone. Over the past two years, India has been world's fastest growing economy and saw various advancements driven by domestic demand and supply side initiatives such as infrastructure investment and manufacturing enhancements. Capitalising on this momentum, our teams have achieved impressive operational results evidenced by our highest ever annual volumes and substantial cost savings across our key businesses which ultimately resulted in very strong financial results.

At Vedanta, our emphasis has been on driving volume growth, cost compression and augmenting free cash flows. I am very pleased to report significant progress on our deleveraging efforts. Over the past two years, we have achieved remarkable reduction in VRL standalone debt, bringing it down from 9.7 billion two years ago to 6 billion as on March 24. That means deleveraging of 3.7 billion over two years. Also, we have successfully finished LM exercise during this year resulting in a structural improvement in overall capital structure as a group. As a result our liquidity position has greatly strengthened and we are now in even more comfortable position to manage our existing debt and take long-term monetary decisions.

Now, I am moving to financial highlights for FY24. We achieved annual revenue of 17.1 billion and second highest ever annual EBITDA of 4.7 billion. Our EBITDA margin remains robust at 32% up 3.1% vis-a-vis last year. ROCE of 25% up 512 basis points. Our net debt-to- EBITDA ratio a key metric that we monitor very closely stands at 2.6x compared to 2.8x vis-a-vis FY23. So, there is an improvement here. Our liquidity position remains strong with cash and cash equivalents at about 2 billion.

In conclusion, our strategic initiatives have effectively balanced our risk to reward ratios. As we enter into FY25 we are strongly positioned on our growth path which will lead to one of our best years ever in FY25. Additionally, you may have noted that Vedanta Limited's stock prices has reached all time high. I would like to reiterate that we are very well on our path in the current year to meet our commitment on delivery, deleveraging and demerger.

Thank you. And now, I will hand over to John Slaven, our CEO Aluminium business to talk about aluminum business potentials in the current year. Over to you, John. Thank you.

**John Slaven:**

Thank you, Ajay. And good morning everyone. I am delighted to be here this morning to talk about our exceptional aluminium business. So just talking about the metal of the future we are expecting global demand to accelerate from about 2.4% since 2015 to about 3.3% annually for

the rest of this decade. But for Vedanta, we have got a huge home ground advantage being based in India where the growth rate is much faster than the global average.

Over the past 3 years demand growth has averaged about 15% roughly 2x GDP growth and is accelerating. This is not surprising as India is very early in the adoption life cycle with annual consumption of 3 kilograms per capita versus the global average of 12 kilos and 34 kilos in China. At this growth rate today's 5 million tons of annual demand will become 10 million tons in 5 years and 20 million tons 5 years after that.

But our competitive advantage extends well beyond access to India's rapidly growing Indian domestic market. Our vertically integrated strategically located assets are irreplaceable and unrivalled in the sector. This ensures a structurally low cost position which will deliver superior profitability over the cycle. The map illustrates where our assets are located in the Eastern part of India in the mineral rich states of Odisha and Chhattisgarh.

This gives us access to high quality domestic mineral resources. The very close proximity of our mines to our refinery and thermal power plants eliminates supply chain insecurity and reduces cost. And we're very well served by local rail, road and port logistics infrastructure including our own 10 million ton deepwater port at Isaac. The full benefit of this design will be realized as we complete our current capex program which I'll describe further shortly.

On the right I've highlighted a few key elements of our current performance which continues to be very strong. You'll be familiar with financial so I won't repeat, but just looking at the market, we've got 50% domestic market share which consumes 40% of our production volume. I'll talk more about that and we've already contracted 1.3 gigawatts of renewable power which enables us to offer India's only green aluminium restorer.

You'll see from these charts that we're extremely focused on sorting our assets to progressively creep volume and reduce costs. Over the past 4 years we've added about half a million tons or 26% of our annual metal production volume and over the past 2 years we've reduced our cost of production by about \$1,000 a ton over 37%.

Our vertically integrated business is now positioned well into the first quartile on the global cost curve and we will essentially become the industry's low cost leader once our capex program is complete. As we complete this program this financial year and next, we expect to be delivering 3 million tons of aluminium production annually at a cost of about \$1,550 per ton. We're also working hard to increase our net effective premium which is the incremental margin we make above the LME price of molten metal.

We're doing this through two key initiatives. Increasing share of value added products as we commission the cast house expansions to grow the value added products share from 60% to well over 80% of metal and we're also increasing the share of metal sold into the domestic market which attracts a much higher margin than exports. We do this by displacing imports as we commission our new capacity and expand our offering of leading edge alloys to evolving customer needs.

So assuming conservative LME metal prices this should deliver an EBITDA margin of about \$1,200 a ton translating into an annual EBITDA of over \$3.5 billion. So turning now to our asset configuration this chart illustrates the significant change we're making to our business with projects currently underway to achieve a fully vertically integrated supply of 3 million tons of aluminium production.

On the left is our existing configuration. We start with mines of bauxite and coal through an alumina production, power generation to producing hot metal and value added products. You will see Vedanta's capacity here in green and purchased alumina and coal and power in orange and blue. Purchased materials are obviously higher cost with less supply security especially for the imported volumes.

If you have a look on the right-hand side following completion of our capex program, you will notice that it's effectively balanced from resource to final value added products and all locally produced. Over the 3 million tons of molten metal produced 83% will be converted into value added products and you'll also notice the increasing share of renewable energy in the power mix. We're also doing more work to add capacity to achieve 50% by 2030.

FY25 will be transformative for our business as we complete construction and commissioning of these projects and we will ramp up through this year and we'll be running at full design capacity by the end of FY26. So to sum up then why aluminium? We have a strongly – next chart please. We have strongly growing demand for the metal of the future to enable the energy transition. Why Vedanta?

Well we have a home ground advantage in India with the market expected to double in 5 years. Our fully domestic vertically integrated supply chain enables industry-leading cost performance and our exclusive focus on value-added products to meet sophisticated customer needs gives us higher pricing. Together these combine to 3 million tons of production at \$1,200 ton EBITDA margin which will deliver exceptional value creation opportunities for our investors. Thank you and I will hand over to Arun.

**Arun Misra:**

Thanks John. Yes, let's go to the next slide. So I will be presenting on the Zinc India operations and if you look at the key highlights, Zinc India is world's second largest integrated zinc producer and third largest silver producer. It's fully integrated, India's only zinc-lead silver producer over five decades of expertise in mining and smelting. Second highest zinc iron ore base globally and average grade of over 5%.

In the first decile of the global zinc mining cost curve, consistent cost optimization for over 15% in last year, robust EBITDA margin of almost 50% backed by operational excellence, technological advancements, cost optimization and strong resources. Sustainability leader with first rank in S&P sustainability assessment globally, ESG focus with economic prudence, irreplaceable resources and asset base with technologies providing flexibility of running operations based on the market landscape, consistently AAA rated by leading credit rating agencies. It has got total iron ore base of INR456.3 million tons of ore bases and on metal terms about 30.8 million tons at current level of production about 30 years of resources and at metal capacity currently at 1.12 million tons and total captive capacity of power generation of 587

megawatts and current zinc smelting capacity and 913 kilotons per year and whereas lead smelting capacity about 210 kilotons per year and silver refining with 800 tons per year. Let's go next.

We have the vision to be world's largest and most admired zinc, lead and silver company. On capacity expansion we are putting up 150,000 tons per annum roaster in Debari which should come up to operation by financial year 2025. Underground mine ramp up and de-bottle necking, roasting, leaching and purification operations.

Techno-commercial study to double the production of 2 million tons per annum. This is going to be the most exciting project for Hindustan Zinc after the last growth project to 1.2 million tons and increment the silver to 1,000 tons per annum. If you look at the refined metal production we have consistently grown from earlier about 890,000 tons per annum to currently our forecast for the year between 1075 to 1100,000 tons per annum roughly 1.1 million tons with silver production consistently moving up from 680 tons per annum to currently our forecast for the year is between 750 to 775 tons in this year.

With the mine portfolio with a long life as I have already stated our R&R base has moved because of consistent exploration and aggressive drilling projects that we undertake from 403 million tons of ore we are now currently at 460 million tons of ore and we want to take it to by the end of next year to 500 million tons of ore whereas in metal terms we have got 34 or 35 million tons of metal in ore earlier which will now go up to 33 million tons of metal in ore at the end of this current fiscal.

On the cost optimisation yes we had in FY23 at \$1,257 a ton and in FY24 we reduced it to \$1,117 a ton and we expect to go down to \$1,050 to \$1,100 a ton with the long term vision being to remain within or below \$1,000 a ton. This is backed up by conversion of our power plants to have to be able to consume more and more domestic Indian coal and lesser of imported coal and also we have signed 450 megawatt of renewable power agreement which will start getting supplied from this month onwards. Let's move next.

Also on the product front we are ramping up our 30,000 ton alloy plant to expand our VAP portfolio which were earlier at about 16% we want to go to 20% in VAP and also consistently increase our zinc alloys in the production front. On the sustainability side as I have already stated 450 megawatt of renewable power we have already signed. We are spending about a billion dollars towards climate change initiatives and about 100% mechanised charting in Zawar mines itself.

What we remember out of this presentation we have a robust EBITDA margin of 50% we are world's third largest silver producer and we have a strong resource and reserve base to potentially expand our capacity to 2 million tons and of metal and 1,500 tons of silver for which we are already on the drawing board and another two or three months our conceptual design will be final so then we can make a market announcement on the project scope as well as the estimated project cost.

Thank you so much and over to Chris.

**Chris Griffith:**

Thanks Arun. Hi good afternoon everyone or good morning. So I'm going to be talking about the base metal business that we are putting together, unlocking the potential of the enormous resources that we have in the business.

On the left hand side of this chart you can see where the assets are located of the base metal business. You can see the Zinc International producing zinc, lead and silver in South Africa and Namibia. Currently at 200 kilotons production with a pipeline of projects to get to a million tons.

In copper in India and Fujairah we produce both copper and gold just under 260 kilotons of rod production also with a pipeline of projects to get to a million tons. And then KCM in Zambia producing copper and cobalt with an enormous resource of 16.5 million tons of copper that's more than 50 years of production at 300 kilotons per annum. Under the provisional liquidator the asset was just producing 50 kilotons and we should be getting that asset back in the next few weeks as Arun mentioned earlier in his presentation.

I'll pick up on the asset base in the next few slides. First I'll speak to Vedanta Zinc International. So this is our zinc business in South Africa and Namibia. We have a vision to produce a million tons of zinc equivalent production at less than \$1,200 per ton.

We have 35 million tons of sourcing resource and reserve of which more than 20 million tons of that sits in the Gamsberg, the jewel of our business at more than 8% zinc. Currently we have 35 million tons and we foresee that that should be about 50 million tons of resource and reserve by 2030. We currently are doing about 208 million, 208 kilotons per annum.

In two years' time when we ramp up to full capacity Phase 1 and we complete Phase 2 zinc production which adds another 200 kilotons which is about 50% completed, we'll be over 500 kilotons and then we have this enormous resource potential of high-grade zinc deposits where we've got a number of projects under investigation, under feasibility review and that should take us to over a million tons. As we expand our business we expect the cost of production to reduce.

I've mentioned that we see that coming down at a million tons to \$1,200 a ton, giving us a margin of over a thousand or at \$1,000 a ton. That delivers an EBITDA potential of about a billion dollars from the zinc business alone.

Next slide. On the copper business, so this is our copper, let's say really a custom copper production business. We have currently in India, we have the Silvassa business which is producing about 190 kilotons. We've got capacity to 220 and a debottlenecking a little bit further to get us to 250.

And then we have the Tuticorin smelter which is currently under stock. That's 400 kilotons. So we're looking at options to potentially move that asset to somewhere else in India. So that's underway. And then at Fujairah we currently have in the middle slide, you see we have about 100 kilotons of rod production, rod and a little bit of gold and other precious metals. And we have a 100 kiloton rod mill that's basically signed off in Saudi Arabia.

But we've got a bigger project that we're working with the Saudi authorities for between 300 and 500 kilotons of smelting and refining in Saudi, a project that the feasibility is well underway. So



we have currently just under \$200 a ton margin. That should increase to about \$500/ton margin and then potentially delivering over half a billion dollars of EBITDA from the copper custom smelting business.

Next slide. I think the real exciting thing is the KCM asset coming back to us. So let's just see. Next slide. Okay, here we go. Konkola Copper Mines in Zambia. So I think the real jewel in this base metal is KCM. So this is 16 million tons of copper. That's more than 50 years mining life. I'll repeat that just because of how sensational it is. At 2.4% copper. The underground copper resource is 3.5% copper. So one of the best copper resources anywhere in the world.

We currently under the liquidator, we're producing 50. We'll get to 225 of which half will be our production, half custom production in the next few years and then wrapping that up to 300 kilotons of again combination of our own production from the underground resources, from the open pit resources and from the tailings leach plant. And as we do that, the cost of production reduces to about \$6,000 a ton copper.

And so that delivers \$3,700 per ton margin, which will again give us over half a billion dollars of copper. A little bit further out than that, this goes to about a billion dollars of EBITDA potential. Now yesterday, we received the final votes for the creditor scheme of arrangement. That was the last final step.

And that's all been voted for. So, now it's the last bit of administration through the High Court to sign that off and then we get the keys back to KCM. So, if I go to the sort of key takeaways on the final slide. This is a portfolio that we've put together of large scale, multinational assets that are superbly timed for the global energy shift.

We are unlocking further potential in this business, for example, like KCM coming back to us. We have an aspiration and a pipeline of projects to be a million ton copper producer and a million ton zinc producer, leading to a potential to produce from this base metal business EBITDA of two billion dollars per annum by 2030. So, thanks very much and I'll hand you back to Ajay. Thanks.

**Ajay Goel:**

Okay, thanks, Chris. So, moving on now, here is an enterprise wide view in terms of near term FY'25 and two more years, both in terms of earnings, free cash flows and allocation of capital. So, as you can see in FY'25, the latest estimate of EBITDA is about 6.5 billion and that will lead to free cash flow pre-growth capex of 3.5 to 4 billion range. The free cash flow post capexes is about 2-odd billion.

The building blocks for 6.5 billion EBITDA, you can see on the left bottom side, almost 19% will come from lower cost of production or gains in terms of net effective premium, NEP and 14% from volume augmentation. So between cost of production, NEP and volume, it's about 33% and the balance 24% out of 57% would be coming from pricing side.

So, net 60% of the EBITDA augmentation increment will come from our internal efforts and of course 40% from market linked. If you look at two more out of years, FY'26 on the same slide, previous slide, FY'26 and FY'27, the earning, outlook is about 7 billion to 8 billion as in EBITDA that will lead to post capex free cash flow of 3 billion to 4 billion.

Overall, cumulatively over a period of 3 years, we will have 11 billions to 12 billions of capital location that will be sufficient, more than sufficient to fund both growth and deleverage. With that, in three years, time, at enterprise level, our group net debt will be lower than less than 9 billion, that would lean towards net debt to EBITDA ratio of 1.25 billion.

Moving on to Vedanta resources balance sheet, and as you may have seen, we have both deleveraged and reprofiled. As I briefly covered in my initial remarks, over the last 2 years, the VRL debt has been reduced from 9.7 billion to 6 billion in two years, time. And also this year, January, it has been reprofiled, where the bundled maturities of 4 billion has been now flattened over next 3.5 years.

Both deleveraging and reprofiling gives us lots of monetary headroom in terms of taking longer term and better capital decisions. If you take a look at the short term cash requirement on the next slide, on the left, as you can see Vedanta resources FY'25, the requirements is about 1 billion, plus interest, and that can be broadly managed with a routine brand fee and a normalized dividend. On the right hand side, it is the Vedanta Limited debt profile, \$1.3 bn is a requirement in Vedanta standalone.

And most of this \$1.3 bn is a secured debt and hence refinancing is an option. Overall, in FY'25, with our operating free cash flow, we are quite comfortable in managing our liquidity as a group, both VEDL and VRL. Moving on, post deleveraging by 3.7 billion, in the current year FY'25, we have also committed to deleverage Vedanta resources by a further 3 billion over 3 years.

So, the debt at VRL will come down from current 6 billion to 3 billion over 3 years. In summary, in FY'25 and in near term, here are broad Vedanta promises, Vedanta potential. In FY'25 EBITDA of 6.5 billion, it is a 57% growth vs last year FY24.

Our focus on cost continues and in FY'25, we will further reduce the cost of production in our two large businesses Zinc and Aluminium by further 10%. Power business is getting strong traction and here the capacity will get augmented from current 2.5 gigawatt to 5 gigawatt, it will double. Volume increase in oil and gas remains a big priority.

Aluminium you heard from John, we will lean towards 3 MTPA capacity with a margin of \$ 1200/t per ton and that will be almost 3.5-3.6 billion EBITDA in this business alone. Base metal company creation, we are looking at 1 MTPA each, both for Zinc and Copper.

Demerger will unlock significant value for Vedanta and all the stakeholders. And finally, deleveraging remains our single biggest priority with that our net EBITDA will lean towards less than 1.25x. So, in summary, FY'25 will be truly a year of transformation for Vedanta. Thank you. With that, I'll go back to the operator for a few minutes.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Love Sharma from JP Morgan. Please go ahead.

**Love Sharma:** Hi. Thank you, management, for the time and taking the question. Just a couple of questions for me. I just wanted to understand on KCM and if you could give an update. I think there was some headline about you received the creditor's approval for the scheme of arrangement. And so, if

you could highlight what kind of payments are due and what timelines for those payments to those creditors.

And just secondly, in terms of the brand fee which you received in April, if you could quantify how much has been received at VRL and the debt which would have been repaid using that in April and May. Those two to start?

**Ajay Goel:** So, maybe I will start with the second question first, Love, and I request Chris to comment on KCM. So, the brand fee quantum which is paid in April is about 350 million net at Vedanta Resources. And you also may have seen we also paid a dividend and both have been used for managing our interest cost and repaying debt. So, almost 450 million debt has been repaid in the first two months at Vedanta Resources. So, the 1.1 billion requirement of loans in the current fiscal is now down to about 650 or so. I will request Chris to comment on the KCM.

**Chris Griffith:** Thanks, Ajay. Thanks for the question. So, KCM yesterday was the second creditor scheme vote and that was positive. So, the creditors have now voted in favour of the scheme. So, what the next steps are, it goes to the High Court for the scheme to be ratified. So, the Court has to approve that.

And then once that happens – so, that should be in the next few weeks. And there's some other very small administrative processes that must follow. Then we have agreed that we would pay \$250 million to the creditors. There were two schemes. One was less than a million dollars. They all get paid 100%.

And then depending on what the final numbers are, round about \$0.50 cents to the \$1, those above a million dollars get paid. And whatever they don't get paid gets put into getting paid later when KCM is making money. So, this is all very positive and looking very positive for the High Court to sign off on this and to approve the scheme in the next week or two.

**Moderator:** Thank you. The line from Mr. Love Sharma has dropped. We will move to the next participant. The next question is from the line of Bharat Shettigar from Standard Chartered Bank. Please go ahead.

**Bharat Shettigar:** Hi. Thanks a lot for the call. A couple of questions from my side. Firstly, can you let me know the current status of conversion of general reserves to retained earnings at Hindustan's Zinc? And secondly, on the India de-merger, on the Vedanta Limited earnings call a few weeks back, it was said that approvals from creditors should be in place by end of May. So, can you let me know the current status?

**Ajay Goel:** Okay. Bharat, I will start with the first part of the request. Ajay my colleague may want to comment on de-merger. In terms of Zinc, the conversion scheme, as you know, we are through with all the steps including shareholders approval and filed the second motion with the tribunal sometimes in April. It was heard once in May and the second hearing, in fact, is scheduled later today, 31st of May.

We believe it is positive and we see it concluding in the current quarter. I will request Ajay Agarwal to comment on de-merger, please.

**Ajay Agarwal:** Thanks, Ajay. And thank you for the question. See, as per the process, under the SEBI regulation requires 75% of the secured creditors NOC for us to file the application with the NCLT.

And I am happy to let all of you know that we have received the 52% plus the additional percentage which is required for us to reach 75%. We have crossed that threshold as well. Most of the lenders have approved it.

Some are pending for their committee meeting and some are pending for their board meeting. So, as we speak, we have already received 52%. The balance requirement will be met in a week or 10 days' time. And thereafter, we will file the application with NCLT.

**Bharat Shetika:** Okay. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Imtiyaz from Barclays. Please go ahead.

**Imtiyaz:** Thank you very much for the opportunity. A couple of questions on my side too. If I can start off with the ongoing equity raise at Vedanta Limited. It is up to \$1 billion. Can you tell us if Vedanta Limited's promoters are prepared to see their stake diluted or are you likely to participate in the equity fund race? That is my first question.

**Ajay Goel:** Okay. I will start and maybe Ajay may also want to supplement that. So, Imtiyaz, you may have seen, we have taken the board approval about two weeks ago. And now we are before the shareholders to postal ballot. The whole process takes about two months as per the legal requirements in the country. Typically, if you go with one of the most common route as in QIP, in that case, promoters do not participate. So, if you raise a billion, and again, we are still in the process. In that case, promoters will not participate in the process. Ajay, do you want to comment something more?

**Ajay Agarwal:** I think, Ajay, you have covered it. And it is just the additional feature there being, it is enabling the resolution we are seeking from our shareholders. The board has also approved that portion.

There is no immediate plan for us to go and raise equity or for that matter, dilute any equity at the VRL stage.

**Imtiyaz:** Okay. Thank you. My second question is with regards to just trying to get some specifics on your deleveraging plans. You mentioned 3 billion over the next three years. Can you just give us some color in terms of how you plan to do so? Is it via dividends upstream and how much dividends can we expect? Or should we assume you are likely to receive in FY25, please?

**Ajay Goel:** Yes, sure. So, the exact quantum in terms of being a board matter, so I will not get into it. Probably over the next three years, FY25, 26, 27 the requirement at Vedanta Resources is about 5 billion.

If I give you a broad breakup, the first is, of course, the brand fee. That quantum, cumulatively over three years, can be about 1.3 odd billion, 1.2, 1.3. Secondly, if I look at the normalized dividend, and by which I mean the yield of about 6%, the receipt at Vedanta Resources can be

about 2.5 or 2.6. And maybe some that leaves, that makes almost 3.9 to 4 billion. And the third block can be any action strategically at Vedanta Resources.

So, 5 billion, and that will lead to deleveraging by 3 billion over three years. So, most of those actions, as you can see, is done through operating free cash flows.

**Imtiyaz:** Right. Thank you. If I can just throw in a last question on asset sales.

Can you just give us some updates with regards to what is going on, on your plan asset sales, whether it is steel or iron or there has been reports of also stake sale in potentially KCM?

**Ajay Agarwal:** Yes. See, on the asset sales, we have said before as well that we might be a desperate buyer, but never a desperate seller.

We have valued our asset and we believe that we have valued our asset quite rationally. We are still in discussion with the bidders. And if the bid comes anywhere near to our expected valuation, we are happy to do the trade.

Otherwise, we will look for other alternatives to how do we augment capacity on those businesses and build those businesses for all stakeholders, including bondholders. On KCM, I will request Chris to please answer that question. Chris?

**Chris Griffith:** Yes. So, thanks, Ajay. So, on KCM, we have been clear that what we would seek to do is raise short-term financing for the \$250 million for the creditors, \$20 million for the communities, and then about \$100 million for working capital for, say, the first six months. So, that is the short-term financing that we are busy raising. In the long-term, we have committed to put in \$1 billion over five years into the asset.

And we have said that we would consider selling a minority stake in KCM to finance the \$1 billion. And that could be over a period of time or all at once. So, all of that work is ongoing as we speak. Thanks.

**Moderator:** Thank you. The next question is from the line of Vikash Agarwala from Bank of America. Please go ahead.

**Vikash Agarwala:** Hi. Thanks for the opportunity and thanks for the call. A couple of questions from my side.

You mentioned about the debt maturity at the Vedanta Resources at \$1.1 billion for the year, of which \$450 million has already been paid and \$650 million is remaining. Can you break it down into which facilities have been paid and which are the remaining maturities coming up due for \$650 million in the rest of FY '25?

**Komal Sharan:** Hi, Vikash. So, basically, of the \$450 million that we have paid in the last two months, primarily, it has been the Trafigura facility that has been taken out and also an amortization under the private credit financing, which we had recently raised, plus also some PSU Bank amortizations that have come due. If you could repeat the second part of your question, please, Vikash.

**Vikash Agarwal:** Yes, the remaining \$650 maturity, can you break it down by the facility-wise, please?

- Komal Sharan:** These are mainly the amortizations under the PSU Bank financings. And, of course, there is also a large amortization under the private credit financing we recently raised. But that is effectively what is the balance for the rest of the year.
- Vikash Agarwal:** So, to my knowledge, the PCF, the private credit facility is 250. So, remaining 400 is all PSU Banks?
- Komal Sharan:** That is correct. Yes.
- Vikash Agarwal:** Okay. And in terms of the financing plan or the refinancing plan for this maturity, can you share how are you thinking about the funding and refinancing of the \$650 million?
- Ajay Goel:** On a fully yearly basis, Vikash, the brand fee will be almost \$400 million. The dividend, you may have seen the one flinch is paid in the first quarter. And if I look at the 1.5 or 1.7 payout, almost \$800 million is received. So, brand fee and dividend is almost 1.2. That leaves maybe almost 550 or 600 including interest cost as the gap. Here, of course, many options.
- The first one remains, of course, VEDL. In the current year, given the lofty pricing, the earnings in the cash flow, a higher dividend is paid to meet the requirements. Secondly, any action strategically at Vedanta Resources is an option. Finally, about \$200 million is an option of raising fresh debt or augmenting the current one, given we have enough securities, given the higher VEDL stock price in the current fiscal.
- Vikash Agarwal:** Thanks, Ajay. This is helpful. Just one small clarification on this \$200 million augmentation given this increase in share price, which particular entity are you referring to?
- Ajay Goel:** Not something in specific, Vikash. That is one area we have to watch as the year progresses. But across a couple of facilities, example VHML II facility, we have sufficient headroom, even right now with the current prices. The ratio of debt to share is more than 3x. That is an opportunity, very clearly.
- Vikash Agarwal:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Eric Liu from Nomura Wealth. Please go ahead.
- Eric Liu:** Hi. Thanks, management for taking my question. So, I have a couple of questions, starting with the first one. So, regarding the private credit loan of 1.25 billion oversharing 250 million during December this year, is there any way to push back this amortization or it has been confirmed as a scheduled amortization?
- Moderator:** Sorry to interrupt you, Eric. Your voice seems to be -- can you please use your handset, please?
- Eric Liu:** Regarding the 1.25 billion private credit loan, you have 250 million, which is supposed to fill in September this year. Is there any way that this can be pushed back to the original schedule or it still depends on the amortisation schedule, as it cannot be completed by September, so this amortization will still happen, as you explained?

- Komal Sharan:** Yes, I will just come in here, Ajay. So, Eric, this is a sculpted amortization and we need to pay it in September. And like previously mentioned, I think from a cash flow perspective, from an accrual perspective, we are very confident of meeting this. This is obviously also one of the higher cost debt in the portfolio, so we would be making this amortization and taking it out.
- Eric Liu:** And this 250 million was pushed forward from which countries from the April 2025 or the April 2026?
- Komal Sharan:** No. It was not pushed ahead. It was always part of the amortization that we had signed up to when we had taken this facility.
- Eric Liu:** Do you mind to give a little bit of colour? So, what would be the rest? Is it the remaining 300 million in April 2025 and then by proceeding 2026 or another type of a schedule?
- Komal Sharan:** Right. So one part of the rationale was, if you see for this year, a part of the brand fees was actually going to take out the traffic financing. So, therefore, the private credit financing which is secured against the brands was not getting the benefit of the full brand fee. So, therefore, an additional amortization was kept in September to make them good for that amount.
- Eric Liu:** And how about the rest of the schedule, like 300 million in April 2025 or something?
- Komal Sharan:** That is correct. So, 300 million each year, 300, 350 or whatever the extent of the brand fee that goes up, goes towards taking out this financing.
- Eric Liu:** Got it. Thank you. And for the rank of 250 million, how much it has been paid so far?
- Komal Sharan:** So, right now, 150 has been paid which is what was due between April and May and 250 will be paid in September.
- Eric Liu:** Okay. Got it. And then just one last question. So, if you see at the VEDL level the company raised roughly 300 million into financing shares in Vedanta Semiconductor. So, what is the use of course, on this one? Are they repaying the state bank loans or what was the purpose?
- Komal Sharan:** So, Eric, that is part of a routine financing, refinancing needs at the operating level. And again, it is very standard run-of-the-mill sort of financing that we raise for various purposes, be it capex, be it any other sort of requirements but really part of the Vedanta India's requirements as an operating entity.
- Eric Liu:** Okay. Got it. Thank you.
- Moderator:** Thank you. Next question is from the line of Imtiaz from Barclays. Please go ahead.
- Imtiaz:** Thank you. Just one question for me this time around. On your intercompany loan, you have a 450 million coming due in December. Any change in plans to pay that or could you just give us an update?
- Ajay Goel:** Yes, it is a due Imtiaz in December. Amount is about 417 million. It will be addressed when it is due. It has been getting paid on schedule. We will pay it on schedule.

**Imtiaz:** Good stuff. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Ms. Perna Halwasiya for closing comments.

**Perna Halwasiya:** Thank you, Zico and thank you all for taking the time to join us today. I hope we were able to answer most of your questions. In case you have any further questions, please feel free to reach me or my colleagues at the IRT. This concludes today's call. We look forward to reconnecting with you for the next quarter earnings call. Thank you, everyone and have a good day.

**Moderator:** Thank you. On behalf of Vedanta Group, that concludes this conference. Thank you for joining us and you may now disconnect your lines.